

Tax cuts are the wrong medicine for our struggling economy

By Congressman Paul E. Kanjorski

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The economy is struggling in Northeastern Pennsylvania and across the nation. Unfortunately, tax cuts have been tried before and have failed.

In 2001, Congress passed a \$1.6 trillion tax cut. At the time, the Bush Administration's Council of Economic Advisers claimed it would produce 800,000 new jobs in 2002 and 500,000 new jobs in 2003.

Instead, more than 2 million U.S. jobs have been *lost* since then. Northeastern Pennsylvania has shared in this pain. For example, Carbon County's unemployment rate for February was 11.1 percent, its worst rate in seven years.

I have voted against this newest tax cut for the same reasons I voted against the 2001 tax cut: I felt it would only drive up America's debt without doing much for the economy. That view has been proven correct.

All the tax cut did accomplish was to drain away funding that would allow the federal government to provide help for top priorities in Northeastern Pennsylvania and the nation: jobs, education, health care, prescription drug coverage for senior citizens, abandoned mine reclamation, veterans' health care and homeland defense.

Medicare severely shortchanges hospitals and other health care providers in much of Northeastern Pennsylvania, putting our area's health care system at risk for people of all ages.

Northeastern Pennsylvania also needs highway construction, repairs and improvements to attract and retain jobs and make it safer to drive on roads like Interstate 81 in Lackawanna and Luzerne counties and Interstate 80 in Monroe County. Equally important, the highway work itself would provide good-paying jobs our area needs. The U.S. Department of Transportation has estimated that each \$1 billion of federal highway investment creates 42,000 jobs.

However, the new tax cut will make it harder to fund these priorities. In fact, House Speaker Dennis Hastert admitted this week that the final version of this year's tax cut will probably cost \$1 trillion. That is almost triple the advertised price and roughly equal to the \$984 billion increase in the nation's debt limit that the Bush Administration secured from Congress this week.

If that funding were distributed equally across the country, Pennsylvania alone would have an estimated \$38 billion with which to build our infrastructure, clean up our land, and provide for the other unmet needs of our citizens and communities.

In my district, 92 percent of taxpayers in my district have incomes below \$100,000. They will receive little benefit from the newest tax cut. While special, lower tax rates will be created for stock dividends, most taxpayers will pay higher rates on their hard-earned paychecks and pensions. An estimated two of every three taxpayers in my district will receive no benefit at all from cutting taxes on dividends.

Meanwhile, the increased deficits from this tax cut would significantly undercut any benefits those tax cuts might produce, according to Federal Reserve Chairman Alan Greenspan, a Republican.

Like the 2001 tax cut, the newest tax cut will likely do little to help the economy. What it will do is make it harder to meet needs and priorities that most Americans consider more important than another tax cut.

Congressman Paul E. Kanjorski (PA-11) represents the 11th District, which includes most of Luzerne County, more than half of Lackawanna County and all of Carbon, Columbia and Monroe counties.